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C O N F I D E N T I A L STATE 171256

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E.O. 12958: DECL: 12/19/2017  
TAGS: [EAID](#) [MARR](#) [PTER](#) [IZ](#)  
SUBJECT: OBSTACLES TO MANAGING CLC ACTIVITIES

REF: BAGHDAD 3874

Classified By: NEA DAS Lawrence Butler for reason 1.4 (b).

11. (C) Per Post's request (reftel), the Secretary of State has concurred with the Department of Defense's spending plan for \$155 million from the FY07 Iraqi Security Forces Fund to support DOD's Concerned Local Citizens (CLC) program. DOD subsequently submitted a notification to Congress and has briefed staff on the House and Senate Armed Services Committees and the Defense Subcommittees of the House and Senate Appropriations Committees.

12. (C) By statute, Economic Support Funds (ESF) may not be used for military or paramilitary purposes. Accordingly, the Department and USAID cannot use Economic Support Funds (ESF) for a program in which CLC participants continue to engage in military or other similar armed activities, or remain part of a military structure, even one that is loosely formulated. State/USAID are unable to execute a pilot program or any other CLC program until a clear written process is identified to ensure CLCs formally commit themselves to giving up military or paramilitary associations prior to entering ESF-funded programs. We also have operational considerations on how to apply appropriate vetting to potential participants in these programs. In addition, military elements will need to work with Treasury to obtain the necessary OFAC license or non-prosecute letter to cover USG assistance that would directly or intentionally benefit CLCs who may be persons designated under the Iraq and Terrorism Sanctions Program. Finally, as virtually all foreign assistance funding for Iraq has been zeroed out in the FY08 Consolidated Appropriations Act, careful consideration of priorities would need to occur prior to reprogramming funds to support CLCs.

13. (C) Given these constraints post is instructed to refrain from using foreign assistance funds for CLC-related programs and to decline any request to manage or implement DOD-funded CLC reintegration programs until legal and policy concerns are resolved.

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